



Shrimp cooperatives from Nicaragua upgrade production with assistance from Serviconsa and USAID

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The shrimp cooperatives of Western Nicaragua (APEMAC), in strategic partnership with the private sector (SERVICONSA), have recently upgraded their production system through technical assistance provided by USAID's Enterprise and Employment Project.

Exports of Nicaraguan farmed shrimps totalled US\$106.3 million last year, according to the Center for Export Processing (CETREX).

Six farmed shrimp cooperatives located in the Estero Real, Chinandega, Nicaragua, who benefited from USAID's Enterprise and Employment Project, improved their production by 175%, which in turn allowed them to enter the European market.



Through technical assistance from the Enterprise and Employment Program shrimp cooperatives registered with APEMAC saw an increase in production from 180 kilograms per hectare to an average of 500 kilograms per hectare, and all six cooperatives successfully exported 100% of their production, mainly to Europe.

Over a period of almost three years, these cooperatives have doubled their production through a combination of factors such as improvements in infrastructure, increased farming density, as well as technical assistance provided by a specialised laboratory.

The technical assistance program, valued at \$200,000, which began in June 2011, has helped cooperatives to better their production methods and even qualify for a \$4 million funding from Serviconsa to improve infrastructure and system of operating costs.

Serviconsa — part of the Pescanova group which commercialises shrimp in Spain, and which has been referred to as an anchor company, as it encompasses several businesses — has financed the production cycles of six farming shrimp cooperatives: Lucrecia Lindo, Pablo Blanco, Nicolás Chávez, Herrera Membreño, Granja Vipalva and Granja Rosita. 60 families involved in the production of farming shrimp in 450 hectares benefited from SERVICONSA's financial initiative.

The operating model under which these shrimp cooperatives operate is the *anchor company model*, which consists of a strategic alliance between the private sector (Serviconsa) and shrimp cooperatives formed by people with limited economic resources who channel funds from AID toward financial and technological advising in order to increase productivity (and revenue), which will then translate into improved living standards for these families.

The anchor company model is based on the concept of value chain: a strategic network of economic actors (producers, processors, distributors, wholesalers, vendors, etc.) who recognise the need to work together in order to identify strategic objectives and choose to combine efforts to accomplish goals established.

The anchor company model, based on the concept of value chain, implemented by the shrimp cooperatives of APEMAC, has proved successful as Nicaraguan's cooperatives have seen increased levels of productivity and revenue. Serviconsa's role as a bridge between the cooperatives and the international market has also been key in ensuring the success of the model.

Worth mentioning are the benefits of the inclusive-business model: improvement in the value chain, increased efficiency (which translates into greater production), increased managerial responsibility, increased awareness and adoption of new technologies, compliance with the new European standards of production, and environmental sustainability.

The anchor company and the inclusive-business models do not require a passive role from producers to succeed; on the contrary, these models recognise producers as agents of change: their ability to make decisions that will positively impact their community is highly valued. The benefits that cooperatives have obtained through the anchor company/inclusive-business model are:

- Pre-investment support through planning how infrastructure may be oriented toward better increased performance.
- Production support through training and technology which increases productivity and reduces costs.
- Commercial support through access to market information.
- Financial support through monetary advances, guarantees, risk capital.

The agreement between APEMAC and Serviconsa through AID was conducted in 2011 in order to ensure technical and administrative capacity, as well as proper working

conditions of laboratory facilities, of six farmed shrimp cooperatives in Puerto Morazán. In order for shrimp cooperatives to be selected they had to demonstrate:

- A minimum productive capacity (in terms of infrastructure and pumps).
- Willingness to adopt new production systems.
- Endorsement from the local government.

The main achievements obtained from the program have been:

- An increase in productivity (production went up from 180kg/hectare to 500-590kg/hectare).
- Adoption of new farming technologies which allow for cooperatives to be 80% self-sufficient.
- Payment of debts.
- Improvement of the standard of living of families from those in the cooperatives.
- Capacity for people to start new business.

The main future challenges to be faced by APEMAC cooperatives are the institutionalisation of a strong organisational structure that allows for the consolidation of the win-win model to generate entrepreneurship.

Mechanisms to improve the sustainability of the business model include a pilot project with financial support from FAO and technical support from INPESCA, under the frame of FAO's Management Plan of Estero Real with a systemic, eco-driven approach.

The program had contemplated that APEMAC would gradually absorb the costs of technical assistance, laboratory management, and (eventually) training. A year earlier, however, APEMAC took over the costs of technical assistance and laboratory management. Since the conclusion of the program the technical assistance area is financed by Serviconsa.

APEMAC statutes establish retention of 5% of production cycle to create a self-financing fund. The laboratory obtains revenue from additional services to third parties. Training programs are executed with partial support from companies like Serviconsa, and partial contribution from the farms themselves. These actions make for a more concrete idea of the sustainability aspect of the project linked to APEMAC.

